

UNION STEEL HOLDINGS LIMITED

Company Registration Number: 200410181W

PROPOSED SALE AND LEASEBACK OF PROPERTIES

The Company is pleased to announce that its wholly-owned subsidiaries, Union Steel Pte. Ltd. and YLS Steel Pte Ltd (each a “Relevant Company”) have entered into conditional put and call option agreements (collectively the “Option Agreements”) with HSBC Institutional Trust Services (Singapore) Limited as trustee of Mapletree Logistics Trust (the “Trustee”) in respect of the proposed sale and leaseback (the “Proposed Sale and Leaseback”) of 4 different properties owned by them at 119 Neythal Road, Singapore 628605, 31 Pioneer Road North, Singapore 628472 and 33 Pioneer Road North, Singapore 628474, 8 Tuas View Square Singapore 637574 and 30 Tuas South Avenue 8, Singapore 637653, (collectively the “Properties”, and in respect of each property owned by a Relevant Company, the “Relevant Property”).

Mapletree Logistics Trust (the “Trust”) is a real estate investment trust established in Singapore. The Trust has been listed on the SGX-ST Main Board since 28 July 2005. The Trust is managed by Mapletree Logistics Trust Management Ltd., a wholly-owned subsidiary of Mapletree Investments Pte Ltd.

INFORMATION ON THE PROPERTY

The Properties are all industrial-cum-warehouse buildings and sit on an aggregate land area of about 29,556 square metres.

Union Steel Pte. Ltd. owns the properties at 119 Neythal Road, 31 Pioneer Road North and 33 Pioneer Road North. The property at 119 Neythal Road is a part 5-storey and part single storey building. The property at 31 Pioneer Road North and 33 Pioneer Road North comprises of 2 buildings, one is a part 2-storey and part single storey building and the other is a part 3-storey and part single storey building.

YLS Steel Pte. Ltd. owns the properties at 8 Tuas View Square and 30 Tuas South Avenue 8. The property at 8 Tuas View Square is a 3 storey-building and the property at 30 Tuas South Avenue 8 is a part 2-storey and part single storey building.

The Company occupies the property at 31 Pioneer Road North and 33 Pioneer Road North for its operations. The rest of the Properties are sub-let to third parties on short term tenancies.

PROPOSED SALES

The Relevant Company has granted to the Trustee a call option to require the Relevant Company to enter into a purchase agreement with the Trustee for the sale of the Relevant Property and the Trustee has granted to the Relevant Company a put option to require the Trustee to enter into a purchase agreement for the purchase of the Relevant Property from the Company, both subject to the fulfilment of, *inter alia*, the following conditions:

- (a) the approval by Jurong Town Corporation (“JTC”) for the sale and leaseback of the Relevant Property;
- (b) the approval of the shareholders of the Company;
- (c) the approval of the unitholders of the Trust unless the same is not required;
- (d) the completion and satisfactory results of the legal and building due diligence on the Relevant Property;
- (e) there being no Material Damage (as defined in the relevant Option Agreement) to the Relevant Property and or the Mechanical and Electrical Equipment (as defined in the relevant Option Agreement) and
- (e) there being no compulsory acquisition or notice of compulsory acquisition affecting the whole or any part of the Relevant Property or the building(s) erected thereon.

SALE CONSIDERATION AND PAYMENT

The proposed aggregate sale consideration of the Properties of S\$36.8 million was arrived at on a willing buyer-willing seller basis taking into account the valuation of the properties on a sale and leaseback basis. The aggregate of the sale consideration for the Properties (less the aggregate option fee of S\$368,000 paid under the Option Agreements) will be paid in full on completion of the Proposed Sale.

PROPOSED LEASEBACK AND RENTAL

Upon the completion of the sale of the Relevant Property, the Relevant Company will enter into a Lease Agreement in respect of the lease back of the Relevant Property from the Trustee for a period of six (6) years (“Leaseback”). The Company will stand as corporate guarantor for the obligations of the Relevant Company under the relevant Lease Agreement. The initial rental for the Properties per annum ranges from S\$98 per square meter to S\$107 per square meter, subject to rental escalations for each year of the remaining lease term. The Relevant Company will have to provide a security deposit equivalent to 12 months of the relevant monthly rent payable for each year of the lease term.

RATIONALE FOR THE PROPOSED SALE AND LEASEBACK / PROPOSED USE OF PROCEEDS

The proceeds from the Proposed Sale will enable the Company to further strengthen its cashflow and working capital position and therefore enabling it to consider suitable investment opportunities that may arise. The Leaseback will provide the Group with continued use of the relevant Properties and the Directors do not expect the Proposed Sale to disrupt the normal business operations of the Group. The Leaseback will also provide the Group with continuity for the current tenancies that exist over the Properties.

FINANCIAL EFFECTS

The aggregate net book value of the Properties as at 30 June 2007 was approximately S\$ 13.5 million. A separate valuation of the properties on a vacant possession basis carried out by Colliers International Consultancy & valuation (Singapore) Pte Ltd on 24 August 2007 valued the properties at S\$22.6 million ("fair value").

The Group will realize a gain of approximately S\$23.3 million from the Proposed Sale; comprising S\$14.2 million being the excess of the sale consideration over the fair value, and S\$9.1 million being the excess of the fair value over the net book value. In accordance with the Singapore Financial Reporting Standards, the excess of the sale consideration over the fair value shall be deferred and amortised over the leaseback period of 6 years and the excess of the fair value over the net book value shall be recognised immediately.

Based on the unaudited consolidated accounts of the Group for the financial year ended 30 June 2007:

- (a) the net tangible assets per share of the Group would have increased from 13.60 cents to 16.23 cents assuming the Proposed Sale had been effected at the end of that financial year; and
- (b) the earnings per share of the Group would have increased from 2.32 cents to 4.95 cents assuming the Proposed Sale had been effected at the beginning of that financial year.

MAJOR TRANSACTION UNDER RULE 1006 OF THE LISTING MANUAL

As the relative figures as computed under (a) and (c) below on the bases set out in Rule 1006 exceed the threshold of 20%, the Proposed Sale will constitute a major transaction of the Company, and as required under the Listing Manual of SGX-ST, is conditional upon Shareholders' approval unless such requirement is waived by SGX-ST:

Tests under Rule 1006 of the Listing Manual		Percentage
(a)	The net book value of the Properties as at 30 June 2007, compared with the Group's unaudited net asset value as at 30 June 2007.	29%
(b)	The net profit attributable to the Properties for the financial year ended 30 June 2007 compared with the Group's unaudited net profits for the year ended 30 June 2007.	113%
(c)	The aggregate value of the consideration (S\$36.8 million), compared with the Group's current market capitalisation (approximately S\$112.8 million) as at 24 August 2007	33%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable

A circular containing further detail of the Proposed Sale and Leaseback will be despatched to the Shareholders as soon as possible.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Proposed Sale and Leaseback.

By Order of the Board

Ang Yu Seng
Chairman and Chief Executive Officer
26 August 2007